

20 May 2014

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Dear Mr Pierce

Rule Change Request – Contingency Gas Evidentiary Changes

AEMO requests that the Australian Energy Market Commission (AEMC) considers changing the National Gas Rules (NGR) to allow for revised contingency gas (CG) scheduling and settlement processes in the Short Term Trading Market (STTM).

AEMO considers that the proposed Rules contribute to the National Gas Objective (NGO) for the following reasons:

- Improved reliability of supply of CG
- Improved efficiency in CG pricing
- Decreased trading risk

A description and drafting of the proposed Rule, a statement of the issues concerning the existing NGR and how the proposed Rule contributes to the achievement of the National Gas Objective is provided as Attachment A.

AEMO would appreciate these matters being considered by the AEMC.

For further details, please contact Sandra McLaren, Group Manager Stakeholder Relations, on (03) 9609 8355.

Yours sincerely



Mike Cleary
Chief Operating Officer

Attachments:

A: Rule Change Proposal

Attachment A: Rule Change Proposal – STTM Contingency Gas Evidentiary Requirements

This Rule Change Proposal is structured as follows:

1	Summary.....	2
2	Background.....	2
3	Statement of Issues	4
4	Proposed Solution.....	7
5	Proposed Rule Changes	11
6	How the Proposed Rule Contributes to the National Gas Objective.....	12
7	Expected Benefits and Costs of the Proposed Rule.....	13
	Appendix A: Draft Rule	15
	Appendix B: Consultation.....	19
	Glossary.....	20

1 Summary

In the Short Term Trading Market (STTM), contingency gas offers (or bids) are governed by the contingency gas scheduling process which requires the cheapest contingency gas to be scheduled first.

Contingency gas offers and bids are required by 6.00pm, but contingency gas will not be scheduled until 6.30am the next day at the earliest, with the potential for the contingency gas not being scheduled until much later in the day.

This time lag between submission of offers and scheduling creates an issue because that contingency gas availability may have changed in the intervening period, and cheaper priced gas may no longer be available for contingency gas scheduling.

To mitigate the financial risk of potentially having to source more expensive gas at the time the contingency gas is required, trading participants are either offering contingency gas at higher prices or are unable to confirm offers at the time of scheduling, meaning that the entire quantity is unavailable to meet contingency gas requirements.

This results in increased contingency gas costs in the market and ultimately increased prices to consumers.

AEMO is proposing changes to Part 20 of the National Gas Rules (NGR) to implement revised contingency gas scheduling and settlement processes in the STTM addressing this issue.

The proposed changes would allow participants to 'skip' a price step in their original offer if they can provide evidence that the gas quantity represented in that price step was not available, making it necessary to move to a more expensive price step.

This means that trading participants with multiple sources of contingency gas can minimise the risk of being locked into a lower price if one or more of their gas sources change to a more expensive option between the time the bid or offer is made and the time that contingency gas is scheduled. At the same time, the change would minimise the issue for trading participants, under certain conditions, of overpricing contingency gas or making it unavailable to the market.

This proposal also includes mandatory evidence requirements for delivering contingency gas, which will allow AEMO to re-settle any gas day where the evidence shows that this gas has not been delivered according to the contingency gas requirements. This provides assurance to trading participants that they are only paying for contingency gas that is actually supplied

In preparing this proposal, AEMO also identified two other rule changes relating to contingency gas required for purposes of clarity (rules 435 and 436).

2 Background

2.1 STTM

The STTM is a day-ahead market for natural gas at defined hubs. The STTM currently operates in Adelaide, Brisbane and Sydney.

STTM shippers make offers to supply gas to the hub, while STTM users and STTM shippers make bids to withdraw gas at or from the hub. Bids and offers are submitted on the day before the relevant gas day D (i.e. ex-ante), at which time AEMO determines the market price and the quantity of gas traded by STTM shippers and STTM users for that gas day.

This schedule is published approximately 18 hours ahead of the gas day so that shippers can use this information as an input to their shipping nominations to the relevant facility operators, a process which occurs outside the STTM. Shippers are able to renominate expected changes to their forecasts to facility operators during the gas day.

Trading participants are settled financially both on the basis of their ex-ante market schedule, and on their deviation from this schedule as determined by their allocated quantities after the gas day.

2.2 Contingency Gas Process

Contingency gas is a process to make additional gas available to the market should there be the potential for curtailment or reduced availability of supply (or conversely, to take away additional gas in the event of an over-pressure situation in a distribution network). The underlying concept is to have a market mechanism whereby a price can be set to make additional supplies of gas available for operational purposes to reduce the risk of curtailing customers.

At the end of the day (by 6.00 pm on D-1), after trading participants have completed their pipeline nomination process for the next day, gas day D, trading participants are able to make provisional offers to supply contingency gas to, or bids to take gas away from, the market during gas day D.

As these bids and offers are provisional, AEMO undertakes a confirmation process if a contingency gas event occurs. This requires AEMO to contact all trading participants who made contingency gas offers or bids to confirm the availability of the gas they have offered at that time.

The current design of the contingency gas offers (and bids) was predicated on the assumption that bids or offers would be based on a single source with a set price. As such, the market only allows a single offer stack of 10 price-quantity steps. When the contingency gas is confirmed the trading participant confirms the total quantity which is applied to their offer stack.

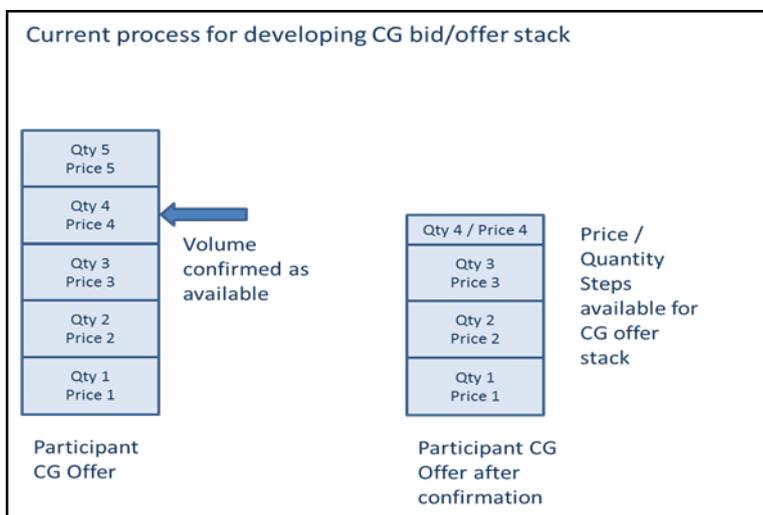


Figure 1 – Current process for developing contingency gas offer stack

Under the current arrangements, trading participants' quantities are confirmed and these confirmed quantities are allocated against the trading participants' price, quantity offers. The updated participant offer stacks are then brought together to form a new single offer stack of confirmed contingency gas that can be scheduled by AEMO, as shown in figure 2.

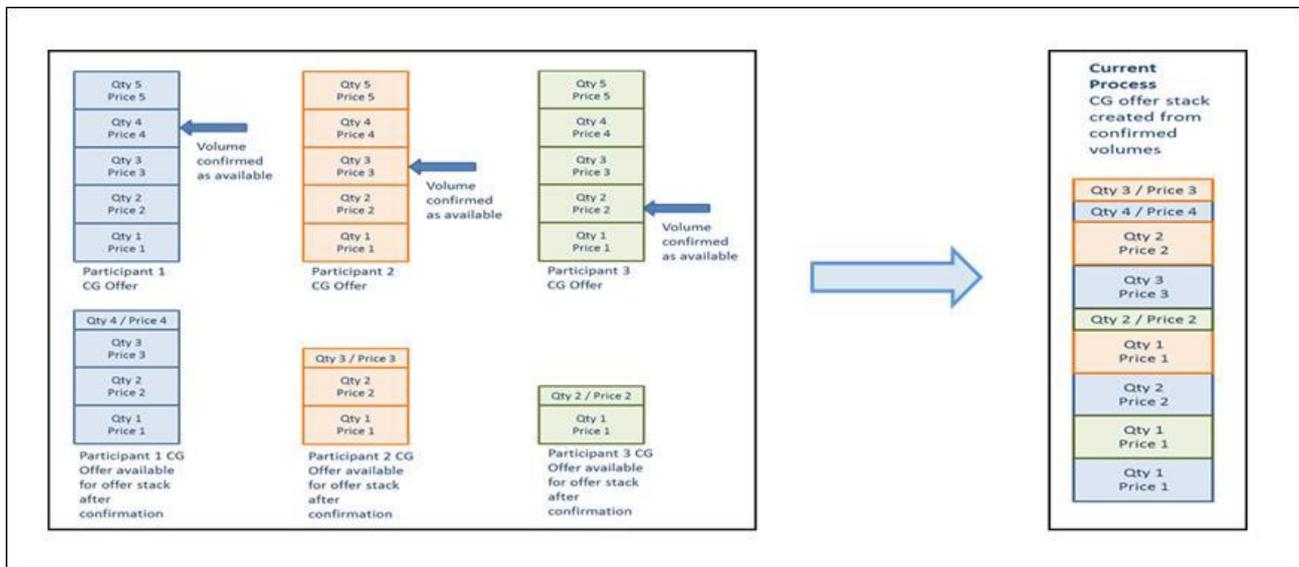


Figure 2 – Process for formation of the contingency gas offer stack

Contingency gas is paid as scheduled, i.e. if a trading participant is scheduled to deliver 5 TJ of contingency gas, they are paid for 5 TJ of contingency gas at the appropriate contingency gas price. If, after the gas day is over, a trading participant's total allocated quantity for the whole gas day is less than the total of their ex-ante schedule and their contingency gas schedule, they will receive a short deviation. This deviation is likely to be priced by the high contingency gas price, and they will pay back the market as if that deviation represented a non-delivery of contingency gas.

3 Statement of Issues

3.1 Contingency Gas Discrete Bid Steps

In mid-2011, BP submitted a proposal to the STTM Consultative Forum (STTM-CF) to allow individual contingency gas offer (or bid) steps to be confirmed during the confirmation process. The issue identified was that load aggregators (retailers) and users with multiple load curtailment levers are unable to price contingency gas efficiently in the market. This is because trading participants can only confirm a total quantity of contingency gas available on the day, and cannot specify if particular steps of their contingency gas offer (or bid) are available or not. In order to mitigate the risk of financial losses due to a cheaper source of contingency gas being unavailable, but the more expensive step not being scheduled, trading participants have two options:

- Price all steps in their contingency gas offer at a higher price, or

- Not confirm gas that is available at the time of scheduling where the prices of the steps AEMO would schedule do not reflect the cost of supplying those quantities of gas.

For example, a trading participant may have two sources of gas available at different prices (this could either be supply or demand side). Assume that the lower priced offers relate to source one, and higher priced offers relate to source two.

Under the current arrangements, when AEMO seeks to confirm the available quantity, the trading participant would only be able to nominate a quantity that would be applied to their entire offer stack. If source one is not available, then the trading participant either has to provide source two gas at below their price step price, or advise AEMO that no gas is available (even though the source two gas could be scheduled). If the participant chooses not to make source two gas available at source one prices, then that quantity of potential supply is not made available to the market, and the risk of curtailment is increased. Alternatively, recognising this risk, the trading participant may price source one gas at the same level as source two in the original contingency gas offer, meaning that contingency gas is not priced efficiently.

An example of how this situation can occur is where an STTM user offering demand side contingency gas has multiple parts of their industrial plant / process that can be shut-off, or have their fuel switched from gas, to provide contingency gas. Each of these parts of the plant has a different cost to shut down or fuel-switch, and so values the gas offered differently. Each part of the plant may be represented in different steps in the contingency gas offer.

A contingency gas event can be called at any time from 6pm the day before the relevant gas day, until the end of the gas day. At the time of the contingency gas confirmation process, the STTM user may have completed the production run of one of their contingency gas sources, and can therefore no longer provide the contingency gas relating to that offer step.

3.2 Contingency Gas Resettlement

If an STTM user's contingency gas offers are scheduled for a gas day, under rule 449(2) it must provide reasonable evidence to AEMO of the quantity of contingency gas that was supplied within 40 days of the contingency gas event.. However, the NGR and STTM Procedures only allow this information to be used for dispute resolution; there is no provision, other than through a dispute process, to adjust a trading participant's settlement amounts to account for that trading participant not delivering contingency gas as scheduled.

BP submitted a second proposal to the STTM-CF to allow for resettlement where evidence shows that a trading participant did not deliver contingency gas as scheduled, and deviation payments and charges are insufficient to recoup the contingency gas payment made to that trading participant. This might occur because contingency gas can be called for a specific time period during a day, but allocations are a daily quantity. Evidence may show that, while the gas was delivered on the day, it was not provided in the timeframe required for the contingency gas event, and therefore did not help alleviate the issue. The trading participant would currently still be paid the contingency gas price for this delivery.

It was identified that resettlement could be achieved through modifications to the settlements equations in the STTM Procedures; however, the current evidence provisions in the NGR were not sufficient to ensure a consistent standard for resettlement. The current evidence provision also only applies to STTM users, not to STTM shippers, making any attempt at resettlement inequitable.

3.3 Current NGR requirements

3.3.1 Confirmation of contingency gas steps – Rule 445

The NGR requires trading participants who have submitted contingency gas bids or offers to confirm or revise the total quantity of contingency gas available, and the timeframe in which it is available, during the contingency gas confirmation process. AEMO then uses the confirmed quantity to form the contingency gas schedule.

3.3.2 Information about contingency gas – Rule 449

STTM users whose contingency gas offers are scheduled are required under rule 449(2) to provide to AEMO reasonable evidence of the quantity provided. This evidence must be submitted within 40 business days.

3.3.3 Reporting on contingency gas events – Rule 497

AEMO is required to publish a report within 30 business days of a contingency gas event describing and assessing that event.

3.3.4 Rules relating to storage facilities – Rules 435 and 436

Rules 435 and 436 identify STTM users as making offers and bids from a storage facility.

3.4 Issue with the current rules

3.4.1 Confirmation of contingency gas steps – Rule 445

As discussed in section 3.1, the requirement to confirm only the total quantity in a contingency gas offer (or bid) means that trading participants are disadvantaged if they only have a more expensive step of their offer available, and not a cheaper step. To avoid this situation, either the gas will not be offered, or an offer will not be priced efficiently.

3.4.2 Information about contingency gas – Rule 449

The requirement for only STTM users to provide evidence of the quantity of contingency gas provided (STTM shippers are not covered) means that this information cannot equitably be used for anything other than information purposes.

3.4.3 Reporting on contingency gas events – Rule 497

AEMO is required to issue a report on a contingency gas event within 30 business days of that event. This timeframe means that evidence provided by STTM users may not yet have been received (under rule 449(2)), so AEMO is reporting with incomplete information.

3.4.4 Rules relating to Storage Facilities – Rules 435 and 436

Rules 435 and 436 identify STTM users as making offers and bids from a storage facility. This is an error in drafting. STTM storage facilities are connected via an STTM facility service. Only STTM shippers can make offers or bids on an STTM facility service, STTM users cannot make bids on facilities.

4 Proposed Solution

4.1 Contingency Gas Proposal

It is proposed that trading participants' contingency gas offers made from differently priced sources could be differentiated in the confirmation process, allowing more efficient pricing and the maximum amount of contingency gas to be made available to the market. AEMO and the STTM-CF considered this proposal and discussed the various issues associated with the proposal through 2012 (see Appendix B for a list of papers).

Under the proposed arrangements, the trading participant would register its intent prior to making contingency gas offers (or bids). If a contingency gas event occurred, the trading participant would be able to notify AEMO that the gas offer (or bid) steps relating to source one are not available, but the steps relating to source two are available. In this way, the trading participant's offer reflects the value of the gas they have available and that quantity of gas is made available to the market.

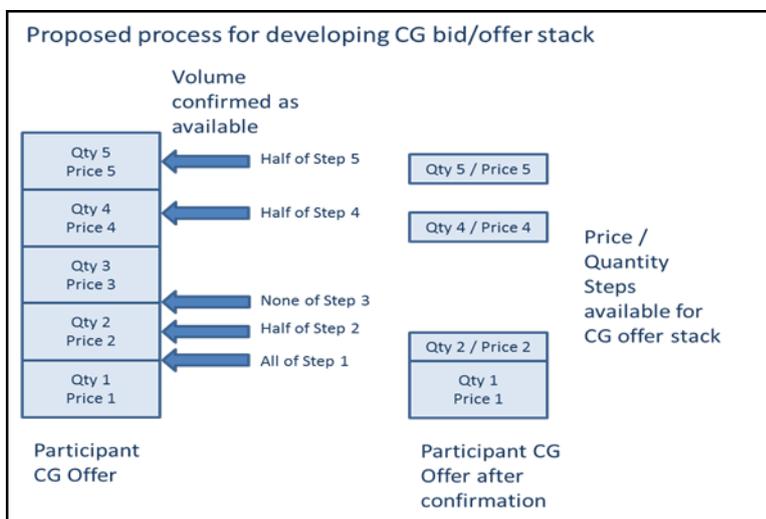


Figure 3 – Proposed process for developing contingency gas offer stack part 1

Under the proposal, each trading participant would confirm those steps which were available. In a similar way to the current process, each of the individual confirmed steps would be used to create an offer stack from which contingency gas could be scheduled.

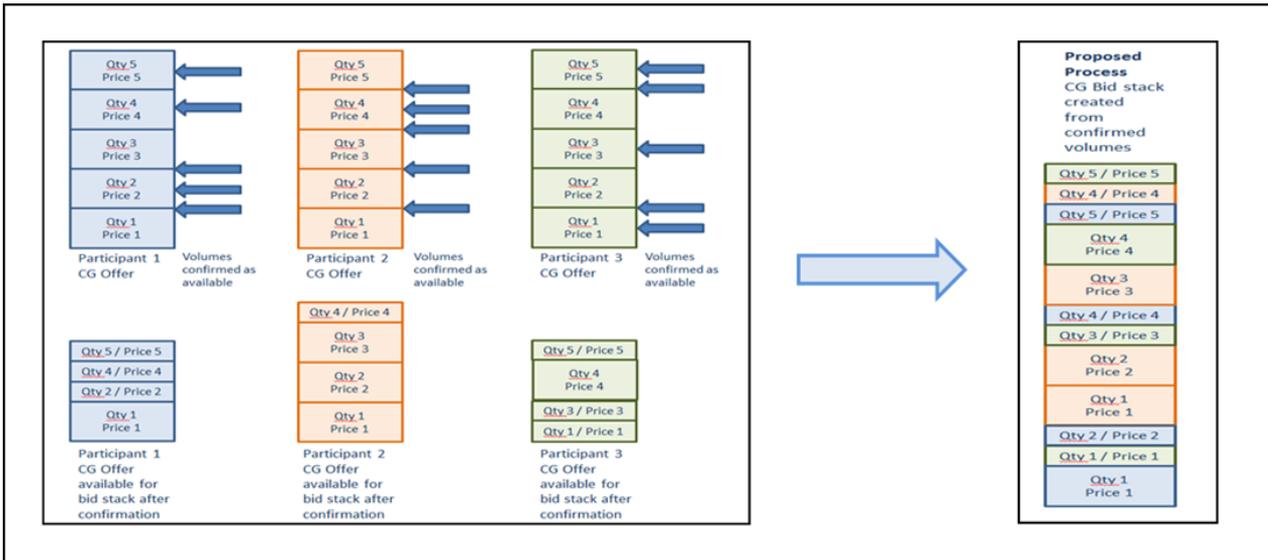


Figure 4 - Proposed process for developing contingency gas bid stack part 1

Under the proposal, the trading participant would be able to offer quantities of gas against individually priced steps. This would allow a trading participant to confirm gas which is available at the appropriate price for that gas, whilst still retaining the fundamental market concept of a single offer stack.

The benefits of the proposed change would allow trading participants the ability to confirm individual offer (or bid) steps, which in turn should lead to more gas being made available to the market in a contingency gas event, as shown in the diagram below:

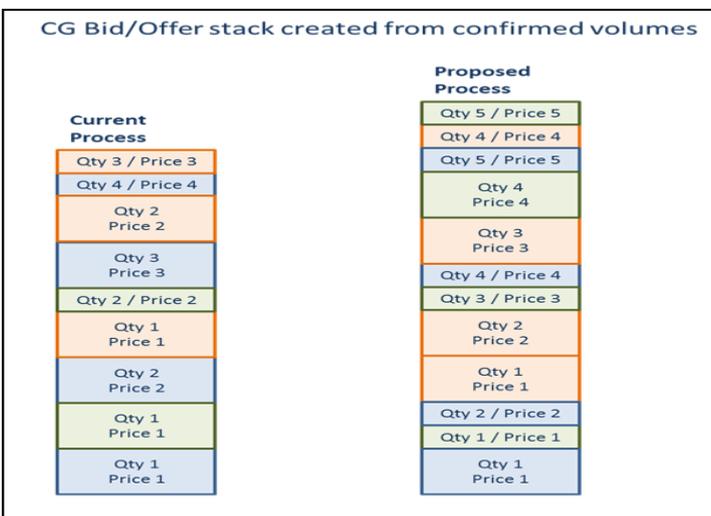


Figure 5 – Contingency gas bid stack created from confirmed volumes

The proposal will require that any trading participant who provides contingency gas also provides evidence to support both the delivery of that contingency gas and the reasons for not confirming any step in the original contingency gas offer (or bid).

The new evidence provisions will then allow procedures to be made to allow for resettlement based upon that evidence. There are two situations where resettlement will be introduced. Firstly, where deviation charges and payments do not recover the cost of contingency gas not delivered, a

resettlement charge (or payment) will be introduced to ensure that only contingency gas that was delivered is paid for. The second situation is where a party provides evidence that does not support their skipping of steps during the confirmation process. A charge will be introduced to recoup monies from that party.

4.2 Stakeholder consultation

BP presented its contingency gas resettlement change request to the STTM-CF at the July 2011 meeting. This proposed to amend the STTM Procedures to allow resettlement of contingency gas where evidence provided shows contingency gas was not delivered. It was pointed out that a participant's network allocation may not necessarily reflect the non-delivery of contingency gas as there is a time-of-day aspect to contingency gas. BP also presented its contingency gas discrete bid step change request to the STTM-CF at the July 2011 meeting, proposing to allow individual steps of a contingency gas offer (or bid) to be confirmed during the confirmation process. AEMO was asked to investigate the feasibility of both proposals.

AEMO undertook analysis of the proposals and identified that the current evidence requirements in the NGR were not adequate to enable resettlement.

A number of alternative options for resettlement were considered, including changing the basis of contingency gas settlement to 'as delivered' instead of 'as scheduled', leaving it to the dispute resolution panel to resettle based upon evidence, or introducing a routine resettlement payment or charge which would adjust settlement based upon evidence. Most support was for routine resettlement, and to extend the same obligation to shippers.

Discussions regarding confirmation of discrete bid steps questioned whether full rebidding would be allowed, or whether the step quantity would be confirmed in whole or in part. Full rebidding was not supported, but confirmation of a partial step quantity was supported.

Much discussion took place regarding evidence requirements for both changes. The concept of having an evidence methodology pre-approved was raised. This concept would require a party to present their proposed methodology for pre-approval by AEMO. Views were mixed, and there was reluctance for any overly prescriptive or mandatory rules in this area, particularly as contingency gas is still an unknown. There was agreement by the STTM-CF that a head of power for providing evidence be included in the rules, and including more detail in the procedures. However, it was viewed that the procedures should provide guidance and examples rather than anything overly prescriptive. Pre-approval of evidence methodologies was agreed to be voluntary.

There was discussion about whether a party would have to pre-register price steps that may be skipped in order to prevent a party not confirming a step to gain a higher price, then shopping around retail customers after the fact to find evidence proving delivery. There was support for pre-registration of price steps that may be skipped.

Timing requirements for providing evidence and reporting on a contingency gas event were also discussed. It was identified that AEMO must publish a report within 30 days of a contingency gas event, but evidence of delivery is not required until 40 days after the event. It was agreed that an

amendment to the NGR should be sought to allow AEMO to extend the timeframe for issuing its report if required to allow time for all evidence to be provided.

A table listing the relevant STTM-CF papers is shown in Appendix B.

4.3 Contingency Gas Procedures

The proposed rule change requires that AEMO amend the STTM Procedures to detail how confirmation of discrete contingency gas steps will work. The details that will be set out in the STTM Procedures include the following:

Amend clause 9.4 – *Calling and Scheduling Contingency Gas*, to allow trading participants to confirm individual price steps of their contingency gas bid or offer, provided the price steps are associated with facilities registered with AEMO prior to the contingency gas event. Details of the requirements for registering facilities for the purposes of confirming individual price steps will also be outlined.

Insert a new clause 9.5 – *Evidence of Delivery of Contingency Gas*, to outline what information is required when a trading participant provides evidence of delivery of contingency gas. The evidence required to support the confirmation of individual price steps will be detailed in the clause. This procedure will also outline the process for the pre-approval of evidence methodologies.

Amendments will be made to chapter 10 of the STTM Procedures to allow resettlement of gas days where trading participants have provided evidence to show that they did not deliver their full schedule of contingency gas (and deviation charges and payments have not recovered equivalent contingency gas payments from that party). A charge will also be introduced to recoup monies from trading participants who skipped steps when confirming their contingency gas bid or offer, but were unable to provide evidence supporting that action. All of these charges and payments will form part of the net market balance for the purposes of determining settlement surplus payments and settlement shortfall charges.

A draft of the contingency gas procedures has been reviewed by the STTM-CF, but some areas still require development. AEMO will commence formal consultation on the contingency gas procedures upon publication of a draft rule change decision by the AEMC.

5 Proposed Rule Changes

AEMO's draft rules are provided in Appendix A, and are explained at high level below.

The mechanics of the contingency gas process are predominantly contained with the STTM Procedures which will be amended following the rule change.

5.1 Main Rule Changes

5.1.1 Confirmation of contingency gas steps – Rule 445

Rule 445 relates to the confirmation of contingency gas bids or offers. The proposed amendment is to clarify that the confirmation of contingency gas is based on the trading participant's gas that is available and to ensure that confirmation of specific steps within a contingency gas offer or bid are brought under the umbrella of the good faith provisions.

5.1.2 Information about scheduled contingency gas – Rule 449

Rule 449 relates to the provision of information of scheduled contingency gas. Under the proposed arrangements, trading participants would need to provide additional evidence to support their claim that they were unable to provide gas relating to specific steps within their contingency gas bids or offers.

The proposed amendment therefore seeks to clarify the requirement to provide the necessary evidence for not only what gas was provided, but any evidence supporting the unavailability of any contingency gas steps, which were not confirmed.

It also extends the requirement to provide evidence to all parties who were scheduled to provide contingency gas.

5.1.3 Reporting on contingency gas events – Rule 497

Rule 497 relates to the reporting of a contingency gas event by AEMO. This rule requires AEMO to make a report on a contingency gas event within 30 business days after such an event.

The proposed amendment recognises that, under the new arrangements, trading participants may need time to prepare metering or plant data relating to a contingency gas day (as required in Rule 449), which in turn may not be provided until after AEMO was due to present its report on the contingency gas event.

Rather than issue multiple reports (the first of which may be inconclusive or incomplete without participant data and the necessary analysis by AEMO), AEMO and industry believe that it is better to delay the report so that the trading participant's data can be considered and included in the process. This amendment provides AEMO with a mechanism to delay the initial report, if additional time is required to complete the analysis.

The amendment also allows for any adjustments to settlements once that data has been provided and analysed.

5.2 Secondary Rule Changes

In preparing this proposal, AEMO also identified two other rule changes, which it has also submitted for purposes of clarity or consistency.

5.2.1 Rules relating to Storage Facilities – Rules 435 and 436

Rules 435 and 436 identify STTM users as making offers and bids from a storage facility. This is an error in drafting. STTM storage facilities are connected via an STTM facility service. Only STTM shippers can make offers or bids on an STTM facility service, STTM users cannot make bids on facilities.

The proposed amendment removes the reference to STTM storage facilities when describing how STTM users may submit contingency gas offers and bids.

6 How the Proposed Rule Contributes to the National Gas Objective

Before the AEMC can make a rule change it must apply the rule making test set out in the National Gas Law (NGL), which requires it to assess whether the proposed Rule will or is likely to contribute to the national gas objective (NGO). Section 23 of the NGL states the NGO is:

... to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas.

6.1 Main Rules

AEMO considers that the proposed Rule is likely to contribute to the NGO for the following reasons:

Improved reliability and security of supply

By making the contingency gas processes more flexible, this proposal seeks to increase the available gas supplies during such an event. The proposed rule will allow more opportunities for demand side aggregation which will encourage participants to offer demand side contingency gas offers. This is expected to lead to an improved reliability and security of supply for users of natural gas services.

Efficient operation and use of natural gas services

This proposal is expected to increase the efficiency of the operation of the contingency gas market and lead to more efficient prices in the contingency gas bid and offer stacks. This is because trading participants will be able to confirm those supplies of gas that are available at the price offered, rather than at the cheapest price of their offer when they only have higher priced gas available. This allows trading participants to price each step efficiently, rather than inflating step prices to avoid this risk.

Discrete bid step confirmation also increases opportunities for demand side aggregation, as well as differentiated supply side offers, to be made to the market. This should reduce the long term price for the provision of contingency gas, since trading participants will be able

to develop more varied products and negotiate more variable rate-based contracts for the provision of that gas.

Reduced trading risk

Improved evidentiary processes and resettlement based upon this evidence gives comfort to trading participants that they are only paying for legitimate contingency gas provided. This reduces the risk of trading in the STTM. Reducing trading risks during a contingency gas event means these risks do not need to be priced in contingency gas offers. This could be expected to reduce prices in the long term. This is to the benefit of gas consumers.

6.2 Secondary Rules

6.2.1 Rules 435 and 436 relating to Storage Facilities

The proposed amendment of where STTM users may make bids or offers for contingency gas provides clarification in the application of contingency gas bids and offers and therefore increases the efficient operation of gas services. This is done by ensuring that participants have no doubt that bids and offers made on an STTM facility (which connects an STTM storage facility - whether transmission or distribution connected) can only be made by STTM shippers.

7 Expected Benefits and Costs of the Proposed Rule

7.1 Parties impacted by this proposal

The parties directly impacted by this rule change proposal are AEMO and STTM shippers and users, both existing and new entrants to the market.

Both STTM shippers and STTM users should directly benefit from the provision of this proposal, because they will be able to make more varied offers (and bids) for the supply of contingency gas, and be required to only confirm those offer steps which can be made available during an event.

Indirectly, all users of gas should benefit in the longer term, since the proposal should lead to more options for the supply of contingency gas should an event occur, as well as the development of new commercial arrangements to provide contingency gas, thus reducing the risk of curtailment.

7.2 Benefits of the proposal

The direct benefit of the proposal is that more gas should be made available to the market during a contingency gas event, thus providing for increased security of supply and reducing the likelihood of curtailment during such an event. Additionally, contingency gas should be priced more efficiently, as STTM shippers and users will be able to price all steps in a contingency gas offer (or bid) without needing to price in the risk of a cheaper source of contingency gas being unavailable at the time of confirmation.

Improved evidentiary processes for contingency gas and allowing resettlement on the basis of this evidence gives comfort to the market that trading participants are only paying for contingency gas

that is delivered, and that contingency gas offers (or bids) are not being gamed. This is a fundamental requirement of a well-governed market. This improved assurance reduces the risk of trading in the STTM.

AEMO estimates that these benefits may be worth in the order of \$200,000 to \$500,000 in a single hub contingency gas event.

7.3 Cost of the proposal

The process to confirm contingency gas offers (or bids) is presently a manual process undertaken by AEMO; there is no impact to market systems associated with this proposal and therefore there are no substantial costs for AEMO or participants to implement these changes.

Further, since this proposal only increases the available options for the supply of contingency gas, there is no requirement for any participant to change their internal processes if they do not wish to use this facility.

Work needs to be done by AEMO to amend internal processes and develop the evidentiary procedures, which will be done in consultation with participants. It is estimated AEMO's costs will be \$74,000.

Appendix A: Draft Rule

This Appendix outlines the proposed changes to the NGR covered by the Rule change proposal.

The draft rules can be broken down into two groups – the main rule changes are necessary to support the implementation of this process within contingency gas; the secondary rule changes are ones that correct errors or inconsistencies that were identified through this review process.

Main Rule Changes

Rule Change	Purpose
445 Confirmation	Clarify that confirmation is for each step and that confirmation is made in good faith
449 Information	Extends bids to all trading participants and provides for further information for confirmation of discrete offer (or bid) steps
497 Reporting	Allows AEMO to extend reporting requirements if needed to assess participant information

Secondary Rule Changes

Rule Change	Purpose
435 Contingency Gas Offers	Remove storage facilities from rule – STTM users do not make bids for storage facilities – only shippers can
436 Contingency Gas Bids	Remove storage facilities from rule – STTM users do not make bids for storage facilities – only shippers can

Draft of Main Rule Changes

It is noted that strikethroughs in red represent deletions to the NGR as a result of the Rule change and insertions are represented by text in blue underline. This draft is based on version 18 of the NGR.

Amendments relating to confirmation of contingency gas offers and bids:

445 Confirmation of contingency gas offers or contingency gas bids

- (1) If AEMO determines under rule 444 that contingency gas is required at a hub for a gas day, AEMO must implement the confirmation process in accordance with the STTM Procedures.
- (2) Subject to subrule (5), each Trading Participant who has submitted a contingency gas offer or contingency gas bid for that hub and gas day must, by the time and in the manner specified in the STTM Procedures:
 - (a) confirm or revise the quantity of contingency gas that can be made available under ~~specified in~~ its contingency gas offer or contingency gas bid, or price steps within that offer or bid; and
 - (b) provide information to AEMO about the timeframe in which and location at which the contingency gas can be made available; and

- (c) provide any other information required by AEMO for the purposes of scheduling contingency gas, as specified in the STTM Procedures.
- (3) A person required to provide information to AEMO under subrule (2) must do so in good faith.

Amendments relating to evidence of the provision of scheduled contingency gas:

449 Information about scheduled contingency gas

- (1) AEMO must publish, for each gas day in respect of which AEMO schedules contingency gas at a hub:
 - (a) by 3:00pm on the next gas day:
 - (i) whether contingency gas offers, contingency gas bids, or both were scheduled; and
 - (ii) the high contingency gas price and low contingency gas price (as applicable); and
 - (b) by 5:00pm on the next gas day, for each contingency gas offer or contingency gas bid that was scheduled:
 - (i) the quantity of contingency gas confirmed as available under rule 445; and
 - (ii) the quantity of contingency gas scheduled.
- (2) ~~An STTM User~~ A Trading Participant whose contingency gas offer or contingency gas bid was scheduled for a gas day must, ~~no later than 40 business days after the end of that gas day,~~ provide to AEMO ~~reasonable evidence of the quantity of contingency gas provided by that STTM User on that gas day,~~ in accordance with the STTM Procedures, of:
 - (a) the provision of contingency gas on that gas day; and
 - (b) any other matter specified in the STTM Procedures.
- (3) AEMO must determine the quantity of contingency gas provided by a Trading Participant on a gas day having regard to any evidence provided under subrule (2).

Amendment of Timing of Reports:

497 AEMO to report on reviewable events

- (1) AEMO must, within 30 business days after the conclusion of a reviewable event, prepare and publish a report:
 - (a) describing that reviewable event;
 - (b) setting out AEMO's assessment of:
 - (i) the actions taken by Trading Participants, STTM facility operators, STTM distributors and AEMO in relation to the reviewable event;
 - (ii) the effect of the reviewable event on the operation of the STTM;

- (iii) whether the provisions of this Part were adequate to address the reviewable event; and
- (iv) any other matter that AEMO considers relevant to the reviewable event; and
- (c) in the case of a reviewable event described in subrule (2)(b), setting out AEMO's reasons for not scheduling any price steps that were:
 - (i) contained in contingency gas offers and were below the high contingency gas price; or
 - (ii) contained in contingency gas bids and were above the low contingency gas price,
 for the relevant hub on the relevant gas days.

(1A) AEMO may, by notice published on its website, extend the period for publication of a report on a reviewable event described in subrule (2)(b) by up to a further 30 business days if necessary to allow AEMO to receive and consider evidence that it reasonably requires for the purposes of the report.

(2) In this rule

reviewable event means:

- (a) an administered price cap state, administered ex post pricing state, market administered scheduling state or market administered settlement state, or a series of such states that relate to the same underlying event or circumstances; or
- (b) a contingency gas trigger event in respect of which AEMO publishes a notice under rule 441 and (if applicable) the scheduling and provision of contingency gas in relation to that contingency gas trigger event.

Draft of Secondary Rule Changes

Amendments to correct references to STTM storage facilities

435 Contingency gas offers

- (1) An STTM Shipper may submit a contingency gas offer to provide contingency gas at a hub on a gas day by either:
 - (a) supplying a quantity, or an additional quantity, of natural gas to the hub from an STTM facility on that gas day; or
 - (b) decreasing the quantity of natural gas it withdraws from the hub into an STTM pipeline on that gas day.
- (2) An STTM User may submit a contingency gas offer to provide contingency gas at a hub on a gas day by decreasing the quantity of natural gas it withdraws from the hub into an STTM distribution system ~~or an STTM storage facility~~ on that gas day.
- (3) Each contingency gas offer for a hub and a gas day must:
 - (a) if submitted by an STTM Shipper, relate to only one direction of flow on one STTM facility for that gas day; and
 - (b) comply with the requirements set out in the STTM Procedures.

436 Contingency gas bids

- (1) An STTM Shipper may submit a contingency gas bid to provide contingency gas at a hub on a gas day by either:
 - (a) decreasing the quantity of natural gas it supplies to that hub from an STTM facility on that gas day; or
 - (b) withdrawing a quantity, or an additional quantity, of natural gas from the hub into an STTM pipeline on that gas day.

- (2) An STTM User may submit a contingency gas bid to provide contingency gas at a hub on a gas day by increasing the quantity of natural gas it withdraws from that hub into an STTM distribution system ~~or an STTM storage facility~~ on that gas day.

Appendix B: Consultation

This Appendix outlines the consultation undertaken by AEMO through the STTM Consultative Forum with respect to the proposed rule change. Papers can be found on AEMO's website at:

<http://www.aemo.com.au/Gas/Resources/Working-Groups/Short-Term-Trading-Market-Consultative-Forum-STTM-CF>

Paper	Date of Meeting
Change Request S27 - Contingency Gas Flexibility Enhancement	Jul 2011
Change Request S28 - Contingency Gas Resettlement	Jul 2011
STTM 11-25-01 Contingency Gas - Resettlement Issues Paper	Aug 2011
STTM 11-25-02 Contingency Gas - Resettlement Issues Paper 2	Sep 2011
STTM 11-25-03 Contingency gas - discrete price step confirmation issues	Oct 2011
STTM 11-25-04 Contingency Gas - Resettlement rule change proposal	Oct 2011
STTM 12-25-01 Contingency gas - evidence issues	Mar 2012
STTM 12-25-04 Contingency gas - evidence regulatory changes	Jun 2012
STTM 12-25-06 Contingency gas – evidence provisions - proposed regulatory changes	Aug 2012
STTM 12-25-08 Contingency gas-skipped step reimbursement charge options	Sep 2012
STTM 12-25-11 Contingency Gas Reimbursement	Oct 2012
STTM 12-25-12 Contingency Gas Skipped Step Rule and Procedure Changes	Dec 2012

Glossary

Term or Abbreviation	Explanation
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
CG	Contingency Gas
MOS	Market Operator Services
NGL	National Gas Law
NGO	The National Gas Objective as stated in section 23 of the NGL
NGR	National Gas Rules
STTM	Short Term Trading Market
STTM-CF	STTM Consultative Forum